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C O N F I D E N T I A L SECTION 01 OF 04 CHENGDU 000287

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SUBJECT: SOUTHEAST TIBET: ETHNIC HAN TOWNSHIP FLOURISHES ON
SUBSIDIES

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REASON: 1.4 (b), (d)

11. (C) Summary: Massive government subsidies and military infrastructure improvements have doubled the size of Bayi Township (80 percent ethnic Han) in the southeast of China's Tibetan Autonomous Region (TAR) over the past decade. Large contributions on infrastructure and in kind "Help Tibet Cadre" personnel from Fujian and Guangdong provinces have supplemented over the years hundreds of millions of dollars worth of assistance from the Chinese central government. Tibetan religious sites and gathering points are remarkable for their absence in the township and surrounding areas that are, however, filled with new houses for local residents built with government assistance. End Summary.

Linzhi Prefecture: Borderland with Burma and India

12. (SBU) Local government officials, "Help Tibet Cadres," and TAR Foreign Affairs Office (FAO) handlers accompanied ConGenOff in late November on a week of visits to local sites in the TAR's Linzhi Prefecture. Linzhi encompasses seven counties, 45 townships and 526 villages with a total population of about 178,000 people. According to the 2005 census, Linzhi Prefecture had a population of 158,000 people including 127,000 Tibetans as well as 17,000 Han and others people belonging to China's 56 officially recognized "nationalities." Seventy-four percent (117,000) of the population is rural. The prefecture, which borders Burma and India, is overall 80 percent Tibetan. Moist, warm winds blowing northwards from India through the world's deepest grand canyon gives relatively low lying Linzhi Prefecture -- average altitude 3100 meters versus Lhasa's 3600 meters -- the mildest climate in the TAR. Nearly all of Linzhi Prefecture's 26 inches of annual rainfall, and with it flooding, comes between June and September. The combination of mild climate, 46 percent forest coverage, and abundant vegetation along with massive government investment and incentives for businesses coming to the area -- no taxes the first two years, reduced taxes the third year -- appear to make it a relatively comfortable and attractive land of opportunity for many migrants from inland China.

13. (C) The Linzhi capital, Bayi Township, is a five-hour, 400 km drive from Lhasa and lies on the Sichuan-Tibet highway. Daily two-hour nonstop flights bring businesspeople, affluent Chengdu residents who own villas in Linzhi, and military personnel from Chengdu to the Linzhi Airport, which opened in 2007, and nearby Bayi Township. Bayi Township is an important center for the Chinese military on China's southern border. ConGenOff saw the

entrances to several military bases from the road. He also frequently saw soldiers in green or brown camouflage uniforms on the streets in Bayi. Local Tibetans say some valleys are reserved for military purposes. The Linzhi Guesthouse where ConGenOff stayed (coordinates below) is adjacent to a military depot (bingzhan) and near the 77675 Military Hospital.

T Tibetans Joke Bitterly that Bayi Means Eight Han For Every One Tibetan

14. (C) Brag Yul, or "rocky place," the Tibetan name for Bayi, now the capital of Linzhi Prefecture, refers to the rocky glacial soil of the region -- much like the soil of northern New England. Greenhouses are a common sight in the countryside. The transliteration of Brag Yul into Chinese was officially adjusted to "Bayi 8-1" to mark the birthday of the Communist Party's People's Liberation Army in order to "promote harmony" between the military and local Tibetans. Tibetans joke bitterly that 8-1 really means that there are eight Han for every one Tibetan in Bayi. Linzhi Prefecture Secretary-General Xie Yaxing refused to give ConGenOff a population estimate for Bayi Township, saying that this year's census was not complete. Published sources put the township permanent population at 35,000, a figure that does not include many migrant workers who might stay for several years or seasonal workers.

Bayi Township: Just Like a Sichuan City

15. (U) A Chinese tourism website, dreams-travel.com, says the following about Bayi Township: "Bayi Township was once an ordinary township in Linzhi Prefecture. However with the steady increase in its importance as a transport hub for troops stationed in the TAR, the completion of the Lhasa to Linzhi

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highway, and especially the assistance given to Bayi Township by some coastal provincial and city governments, has made Bayi Township the administrative center of Linzhi Prefecture and the heart of Linzhi County. Bayi Township has become a modern Tibetan city, wanting for nothing, with prosperous commerce, a thorough blending of migrant workers with local people, well-developed transportation, and a growing tourist industry. The gradual increase in the migrant population, however, has made Bayi Township lose its own special character. Now Bayi Township resembles a county seat in Sichuan Province, and not a Tibetan county seat. This change is happening in Bayi Township just as it is happening in other Tibetan cities." The Chinese text is at the URL: www.tinyurl.com/linzhi-sichuan.

Many Han Businesses; Few Tibetans Run Shops

16. (C) Mild Linzhi winters make it much easier for migrants from the interior provinces to stay in Linzhi all year round than in other parts of the TAR. A professor at the Animal Husbandry College, a Tibet University campus in Linzhi, said that 80 percent of the students at the college are ethnic Han. The college, which has a distant relationship with the university, is strongly resisting a proposal by the university to move the animal husbandry college to Lhasa because the great majority of students would find it a much less congenial climate. On a main commercial street ConGenOff walked down perhaps two out of the roughly one hundred shops were operated by ethnic Tibetans, the rest by Han or Hui people from inland provinces. Among 30 help wanted signs ConGenOff read on various walls around Bayi Township, two notices -- one for a restaurant and the other for vegetable garden workers -- said that ethnic Han only need apply (photo at www.tinyurl.com/tibet-han-only-jobs). Nearly all the public notices posted in Bayi Township were in Chinese only.

Caterpillar Fungus: Fragile Pillar of Rural Tibetan Economy

17. (C) During a visit to a pharmacy in Bayi Township, local officials commented that many rural Tibetans make much more from harvesting caterpillar fungus, "chong cao," in the countryside than they could make by doing business in the city. Caterpillar fungus is literally a fungus infested with dead caterpillars that has become popular for medicinal purposes over the past 20 years in China. The Tibetan caterpillar fungus economy (discussed in detail at www.danielwinkler.com

) provides income to many people in Linzhi, although the prefecture in general has a lower grade of caterpillar fungus. Thus far in 2008, the price has dropped by 30 percent from RMB 70,000/jin (approximately USD 10,000/pound) to 50,000/jin. Local officials attributed this to the 80 percent or so decline in tourism to the region this year after the unrest that broke out in Tibetan areas of China during March. Many buyers, according to local officials, did not want to travel to the Tibet Plateau and were not willing to buy possibly fake caterpillar fungus outside of Tibetan areas. (Comment: a continued decline in the price of caterpillar fungus, should the fad fade, would economically devastate many rural Tibetan households).

18. (C) In the countryside around Bayi Township for two hours in each direction (the roads run along very wide riverbeds, tributaries of the Brahmaputra River) many newly-built homes for local Tibetans could be seen. Officials said that Tibetan households get a 30,000 RMB (USD 4000) subsidy from the Chinese government. This, together with inexpensive local timber and help from other villagers, enabled Tibetans to put up solid and attractive looking new houses. Local officials claimed that subsidies from the central government for funding this program to improve the housing of peasants and herders ("nongmu anju gongcheng") is distinct from the TAR's herder settlement program, as Linzhi herders are only semi-nomadic and have long been "settled."

19. (C) NOTE: According to a 2008 Master's thesis by Tibet Minorities College student Chen Pu, since the peasant and herder housing program began in 2006, new housing has been built for 47,000 households including 257,000 people throughout the TAR. The very large number of new houses ConGenOff saw, including some on less-traveled roads on trips up to 100 miles in either direction from Bayi Township along very broad river valleys was quite notable. During a trip to Tibetan areas of northern Aba Prefecture in Sichuan Province in December 2007, ConGenOff also saw large numbers of new houses under construction financed by a similar heavily subsidized housing program. In areas around Bayi, ConGenOff also saw construction crews at work building new houses. The remarkable cookie cutter similarity of these

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standardized houses in the countryside makes professional construction -- rather than that done by individual Tibetan families -- most likely. ConGenOff visited a village close to the Linzhi Airport that had been moved from back in the hills to an area more convenient to the roads. At the center of the village stood a conference hall building with a recreation room with pool table. There was no stupa near the village. During ConGenOff's week long stay in the Bayi area, he did not see in the city or surrounding countryside any of the stupa which are common in other Tibetans areas.

Rapid Infrastructure Growth Funded by Fujian and Guangdong Provinces

110. (C) Bayi Township has doubled in size over the past decade, in part the result of a decision taken at the 1995 Central Committee's Third Tibet Work Meeting to give Linzhi Prefecture priority in TAR development projects. According to a Linzhi Development and Reform official, seventy percent of the 1.2 billion RMB in government assistance to the prefecture during recent years has come from the central government which supports

local government finances directly. However, another 30 percent in the form of infrastructure assistance to Linzhi comes chiefly from Guangdong and Fujian Provinces. There is also considerable private investment from Guangdong Province.

¶11. (C) The half of Bayi that has been built over the past several years is filled with tall administrative buildings, new apartment buildings and broad avenues paid for by provincial and city governments in Fujian and Guangdong in direct agency-to-agency relationships ("dui kou guanxi"). For example:
-- The Linzhi Employment Center building was built by and received staff training from a counterpart agency in Guangdong Province.
-- The Linzhi Environmental Protection Bureau building was built and received staff training from the Guangdong Province Environmental Bureau.
-- The Linzhi Reform and Development Bureau was also in a new building paid for by outside assistance.
(Comment: Chinese provinces and municipalities are often tasked by the central government with providing large amounts of assistance to poorer provinces and counties. These relationships have been set up not only between various regions of Tibet and the wealthier coastal provinces. In June 2008, the State Council set up similar assistance partnerships between wealthy provinces and counties in Sichuan Province hard hit by the May 2008 earthquake).

Rapid Changes in Bayi Apparent on Google.cn Satellite Photos

¶12. (C) The Google.cn map database now provides high resolution satellite photos as well as detailed Chinese language maps of many localities in China (see technical note below). The Bayi Township photos on Google.cn, which have a resolution of perhaps two meters, shows nearly, complete a bridge that was finished in ¶2006. These two year old photos, at the URL tinyurl.com/bayi-2006-satphoto, provide dramatic evidence of Bayi Township's explosive growth. The two year old photos show a large blank area where the outlines of broad avenues have been bulldozed out of the soil. All the roads and large buildings were finished when ConGenOff and LES visited Bayi Township in mid November 2008.

Development Challenges

¶13. (C) Comments: Bayi Township is a base of Han dominance of the countryside, reversing Mao's old formula of taking power by the countryside engulfing the cities. It appears that Tibetan communities in Linzhi are being reoriented from monasteries or religious sites towards the secular authorities in the Party-run townships. Local Tibetans do see some material improvements from development. Deng's dictum that "Development is an Iron Law" is here reinforced by a strong military presence and massive subsidies. Government expenditures in the TAR averaged 58 percent of TAR GDP during 1980-2006 and hit 80 percent during 2002 - 2003. This "blood transfusion" from the central government and development partner provinces may force the pace of development to a much faster pace than what Tibet's internal circumstances and the educational level of ethnic Tibetans might otherwise likely permit. While the uncertain caterpillar fungus economy enriches some rural Tibetans in Linzhi, the younger generation of Tibetans has not been included in the wave of commercial development that has swept Bayi Township and the surrounding areas in the past decade. Large subsidies to Tibetan communities and moves to areas more accessible to the

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market economy improves housing. This does not seem, however, to have yet translated into significant business opportunities for local Tibetans. The lack of a business tradition in many Tibetan families, lack of access to capital, and ethnic discrimination are high barriers to the growth of Tibetan entrepreneurship. Poor attitudes towards the local population on the part of the Han majority are likely to continue to be a catalyst for stronger national feelings among Tibetans.

¶14. (SBU) Geographical coordinates are easily extracted from a Google.cn URL -- click on a point, then either click on email or create a link. The geographical coordinates of ConGenOff's hotel, the Linzhi Guest House, for example, appeared in the link URL for the photo centered on the Guest House as 29.665597,94.364968 . Google Maps can be used to convert this to standard form -- 29 degrees, 39 minutes, 56.15 seconds North Latitude, 94 degrees, 21 minutes, 53.88 seconds East Longitude. Geographical coordinates can be directly inputted into Google Maps at maps.google.com. The PRC version of Google Maps at ditu.google.cn does not accept geographical coordinates directly, but they can be inputted by comparing URLs for maps.google.com and ditu.google.cn and then inserting the geographical coordinates in decimal form from google.com into the corresponding portion of a ditu.google.com map link URL. The maps on Google Maps database are often a year or two old -- this can be used to advantage when examining how an area has changed in the several years before a site visit.

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